

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Chile

## Avocado Annual

## Annual Report

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**Report Highlights:**

Chile's production and exports of avocados are expected to fall during the 2014/2015 production year (Jul-Jun), due to a reduction in planted area and drought weather conditions during last year.

**Executive Summary:**

Chilean avocado production is expected to fall significantly during the current 2014/15 production year (Jul-Jun) compared to the previous season. A severe ongoing drought affecting the two northern Regions (regions IV and V) for the last four years is responsible for the significant fall in total planted area and production together. Regions IV and V make up about half of Chile's avocado production.

Colder weather during last year's winter also had a negative impact on production for the 2015/16 season; output is forecasted to recuperate, as an abundant blooming is anticipated based on the remainder production areas where weather has been normal during last winter.

**Commodities:**

Avocados, Fresh

**Production:**

Production for 2014/15 is expected to show a fall of around 27 percent when compared to the previous year's output. This reduction is mainly due to the drought which is affecting most planted areas in Region V (Valparaiso) and Region IV (Coquimbo). Both regions have been affected by a drought over the last four years. As a result, close to 4,000 hectares of avocado orchards, have been lost in these areas. Regions IV and V make up about half of Chile's avocado production. For the coming production year a larger production can be expected as weather in the remainder production areas has been normal during last winter.

A little over 98 percent of all Chilean commercial avocado trees are planted in the central area of the country from Region IV through Region VI. Almost all the planting expansion has been of the Hass variety in the last decade. There are over 20 other varieties of avocados planted in Chile. The Hass avocado variety represents almost 100 percent of total exports (99.8%).

Most Chilean avocados are produced in arid regions with little rain, except during the winter months, consequently most avocado orchards are frequently free of pests and spraying is minimal or not necessary.

**Consumption:**

Chile's avocado producers can sell avocados for the same or greater prices than if they exported them.

In addition, producers can get immediate payment for their production if sold domestically, making it more favorable. As a result a large number of producers are favoring the less risky domestic market.

Close to 50 percent of Chile's total production is sold domestically.

<b>Table – Chile: Avocado Planted Area, Production and Exports</b>			
Years	Planted Area (Ha)	Production (MT)	Exports (MT)
1973/74	4,490	14,500	-
1980/81	6,180	25,000	12

1990/91	8,315	38,800	11,557
2000/01	21,202	95,000	52,049
2009/10	40,650	192,853	192,853
2010/11	39,300	159,138	87,138
2011/12	37,650	201,634	116,371
2012/13	37,000	164,823	67,401
2013/14	35,679	231,477	128,322
2014/15	31,724	168,980	93,675 1/
2015/16	31,700	200,000	110,000 2/
Note: 1/	Estimates		
2/	Forecast		
Source: Ministry of Agriculture, Central Bank			

### Trade:

In 2013, the United States became the second largest export market for Chilean avocados, after the European Union. The US market received 28 percent of Chile's total avocado exports in 2013, down from 45 percent the previous year. While exports to the EU have increased during the last few years as a result of a big industry effort made to diversify their markets. This year the industry expects to deliver over 60 percent of total exports to the EU.

As a result of the US-Chile FTA, Chile has a duty free quota that started with 49,000 MT in CY2004.

This quota will continue to increase 5 percent per year for 12 years, after which avocados will enter the US duty free in CY2016. Chile contributes every year, through the Check-off program to the California Avocado Commission's promotional campaign. The Chilean Avocado Importers Association (CAIA) is in charge of the market promotion in the US. The promotional campaign includes radio and television programs and ads on buses. Soccer in the US has reportedly become the best promotional scenario for CAIA's activities reaching an increasing number of consumers. There are no promotional campaigns in Europe programmed for this year.

### Policy:

The Chilean Government has no subsidy or special tax incentives for avocado production or exports.

### Market Development

Although avocados from California, Mexico and Peru can enter the Chilean market, this country's rather large, year around avocado production tends to discourage commercial imports for all but a few months during the marketing year. In the past Chile has imported avocados during off seasons from Peru, Argentina, as well as small quantities from the United States. This year statistics show imports only from Peru. Volumes vary every year, but around 3,000 MT are imported per annum.

### Production, Supply and Demand Data Statistics:

#### Export Trade Matrix

<b>Country</b>	Chile		
<b>Commodity</b>	Avocados, Fresh		
<b>Exports for:</b>	2012		<b>2013</b>
<b>Time Period</b>	Jan-Dec	<b>Units:</b>	M.T.

Units:					
U.S.	<b>Volume</b>	<b>Value</b>	U.S.	<b>Volume</b>	<b>Value</b>
	40,737	66,240		24,330	43,818
<b>Others</b>			<b>Others</b>		
Netherlands	27,517	49,010	Netherlands	37,694	72,970
Argentina	9,023	12,396	Argentina	9,253	15,205
U.K.	6,004	10,896	U.K.	7,623	14,857
Spain	4,269	7,981	Spain	4,677	8,619
France	1,586	2,915	France	2,167	3,866
Belgium	841	1,742	Japan	892	1,765
Hong Kong	791	1,419	Hong Kong	767	1,184
Japan	536	957	Belgium	486	1,035
Uruguay	96	156	Switzerland	177	437
Switzerland	64	134	Uruguay	143	301
Total for Others	50,727			63,878	
Others not Listed	54			100	
<b>Grand Total</b>	<b>91,519</b>	<b>153,928</b>		<b>88,307</b>	<b>164,209</b>
<b>Time Period</b>	Jan-Oct				
<b>Exports for:</b>	2013			<b>2014</b>	
U.S.	11,929	17,470	U.S.	38,949	71,162
<b>Others</b>			<b>Others</b>		
Netherlands	20,857	36,082	Netherlands	28,357	50,685
Argentina	6,865	12,420	Argentina	11,026	17,792
U.K.	4,194	7,398	U.K.	3,925	7,773
Spain	2,613	4,439	Spain	2,904	5,235
France	951	1,575	France	1,100	1,962
Japan	872	1,443	Hong Kong	828	1,572
Hong Kong	386	605	Japan	723	1,288
Belgium	155	374	Belgium	463	871
Switzerland	110	280	Uruguay	144	251
Uruguay	102	247	Brazil	22	35
Total for Others	37,104			49,493	
Others not Listed	34			43	
<b>Grand Total</b>	<b>49,067</b>	<b>82,384</b>		<b>88,485</b>	<b>158,706</b>
<b>Note:</b> Volume in M.T. and Value in Thous.US\$ F.O.B.					